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**FISCAL IMPACT STATEMENT**

**LS 6762**

**BILL NUMBER:** SB 381

**NOTE PREPARED:** Dec 29, 2011

**BILL AMENDED:**

**SUBJECT:** Manufactured Home Installers.

**FIRST AUTHOR:** Sen. Yoder

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Safety Decals*- The bill requires a manufactured home installer to place licensed installer safety decals in two locations in each manufactured home installed after June 30, 2012.

*Monthly Report*- The bill requires a utility that furnishes electric service to a manufactured home installed after December 31, 2012, to submit a monthly report to the Manufactured Home Installers Licensing Board (MHILB).

*Decal Fee*- The bill authorizes the MHILB to impose a fee of not more than \$25 for each safety decal issued.

*New Dedicated Fund*- The bill establishes the licensed installer safety decal compliance fund. The bill provides that the MHILB administers the fund. The bill deposits the decal fees into the fund. The bill makes a continuous appropriation of revenue in the fund for the fund's purposes.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** *Safety Decals*- The MHILB would be able to prescribe an application form and set the fee price for the decals within the course of a standard scheduled board meeting. The Professional Licensing Agency (PLA) would be able to place the application form electronically on the PLA website with minimal additional expenditure. The cost to produce the safety decals is unknown and would depend on the number ordered. However, the fee revenue collected from the decals would likely cover the expense to produce them, assuming the cost to produce them does not exceed the fee set by the MHILB.

The MHILB would also have to implement a program to investigate installers not installing the decals as

required by the bill. The funding to investigate would presumably come from the fee revenue from decal sales.

*Monthly Report-* As the administrative arm of the various professional boards and commissions, the PLA would process and file the reports required by the bill. The PLA would be able to accomplish this provision within existing resources.

**Explanation of State Revenues:** *Decal Fee-* A fee set at \$25 is estimated to generate approximately \$12,700 annually during FY 2013 and FY 2014. Revenue would be placed in the dedicated fund established by the bill.

*New Dedicated Fund-* Revenues from the decal fees would be placed in a new dedicated fund called the licensed installer safety decal compliance fund. Revenues would not revert to the state General Fund at the end of a state fiscal year. The fund would also be the depository of civil penalties assessed for violation of the bill's provisions. The maximum penalty would be \$1,000 per violation.

*Background Information-* As of September 2011, there were 223 licensed manufactured home installers. During 2010, the Manufactured Homes Survey estimated that about 400 new manufactured homes were installed in Indiana. The 2010 number of 400 installed homes was used as the base number of homes to project the future-year number of new homes installed. Future-year homes were regressed against Indiana Personal Income projections provided by IHS Global Insight to reach the FY 2013 and FY 2014 estimated number of homes to be installed. The projection was then increased by 10% to account for used manufactured homes that are sold back to manufactured home installers and then reinstalled during a given year.

Finally, the estimate of installed homes was multiplied by \$50 to generate the revenue. The revenue estimate assumes that the decal fee would be set at \$25 and that two decals would be placed on each manufactured home installed (one beside the HUD tag on the exterior and one inside the electrical box according to the bill's requirements).

The estimates represent the upper bound of revenue the proposal could generate. Over the last ten years the Survey shows that the number of new installed manufactured homes in Indiana has been declining.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Manufactured Home Installers Licensing Board, Professional Licensing Agency.

**Local Agencies Affected:**

**Information Sources:** Professional Licensing Agency, active license count September 13, 2011; U.S. Bureau of Census Manufactured Homes Survey 2010; IHS Global Insight IPI estimates presented in the December 2011 state revenue forecast report.

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